

What Is Claimed Is:

1. A method for comparing health insurance products comprising the steps of:

selecting a standard health insurance product and assigning a standard value to the standard product;

selecting an alternative health insurance product;

calculating a value index for the alternative product;

using the value index to compare the alternative and standard health insurance products.

2. A method as described in claim 1, further comprising selecting a plurality of alternative health insurance products, calculating a value index for each of the alternative health insurance products, and using each of the calculated value indices to compare each of the alternative and standard health insurance products.

3. A method as described in claim 1, wherein the standard health insurance product is an incumbent health insurance product.

4. A method as described in claim 1, wherein the value index equals the ratio of an expected premium for the alternative product to an actual premium for the alternative product.

5. A method as described in claim 4, wherein the value index calculation comprises accounting for differences in co-payment or coinsurance amounts between the alternative and standard products.

6. A method as described in claim 5, wherein the calculation of the expected premium impact of co-payment or coinsurance differences comprises the steps of:

(a) multiplying co-payment or coinsurance payment increments and decrements by typical utilization or cost levels; and

(b) multiplying the result of step(a) by a behavioral multiplier for a type of service.

7. A method as described in claim 4, wherein the value index calculation comprises an assessment of alternative and standard products deductibles and out-of-pocket maxima.

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8. A method as described in claim 7, wherein the assessment of deductibles and out-of-pocket maxima includes (a) generating theoretical, log normal claim distributions, (b) generating derivative out-of-pocket costs, and (c) modeling the deductibles and out-of-pocket maxima at a plurality of claim levels.

9. A method as described in claim 4, wherein the value index calculation comprises assigning a discretionary premium impact value

for a predetermined benefit difference between the alternative and standard products.

10. A method as described in claim 1, wherein the value index is a single number.

11. A method for comparing funding options for funding health insurance products, the method comprising the steps of:

providing a forecast of a future period's individual claim total distribution for a group;

calculating probability distributions for the future period's individual claim total;

wherein the calculation is a log normal distribution of possible individual claim totals.

12. A method as described in claim 11, further comprising the steps of;

providing a forecast of a future period's aggregate claim total for the group;

calculating the probability distributions for the future period's aggregate claim total;

wherein the calculation of probability distributions for the aggregate claim total is a log normal distribution of possible aggregate claim totals.

13. A method as described in claim 11, wherein the probability distribution calculations are shifted to reflect the impact of a specific stop loss insurance amount.

14. A method as described in claim 12, wherein the probability distribution calculation is shifted to reflect the impact of a specific stop loss insurance amount.

15. A method as described in claim 12, wherein a standard error of the mean of individual claims within the group is the standard deviation for the probability distribution of aggregate group claims.

16. A method as described in claim 11, wherein individual log normal probability distributions are used to compare alternative levels of individual stop-loss insurance.

17. A method as described in claim 12, wherein aggregate log normal probability distributions are used to compare alternative levels of aggregate stop-loss insurance.